

Message Text

CONFIDENTIAL

PAGE 01 BELGRA 01167 01 OF 02 280847Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W
-----280855 070059 /17

O R 280755Z FEB 77
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 9690
INFO AMCONSUL ZAGREB

C O N F I D E N T I A L SECTION 1 OF 2 BELGRADE 1167

EXDIS

FOR PM (VEST); EUR (ARMITAGE)

EO 11652: GDS
TAGS: ENRG MNUC TECH YO
SUBJ: U.S./GOY BILATERALS ON KRSKO NUCLEAR EXPORT LICENSE

REF: BELGRADE 1165

1. U.S. TEAM CONSISTING OF FORMER PM DIRECTOR VEST, EUR DEPUTY ASSISTANT SECRETARY ARMITAGE AND OES HOYLE WITH CHARGE AND EMBOFFS MET WITH 15-MAN YUGOSLAV DELEGATION UNDER FSFA ASSISTANT SECRETARY FOR NORTH AMERICAN AND WEST EUROPE BERNARDIC FEB 24 AND 25. DESPITE INDICATIONS THAT YUGOSLAVS WOULD TAKE A TOUCH NEGOTIATING STANCE, AND THEIR CHARACTERIZATION IN TALKS OF PRESENT SITUATION AS A "CRISIS", THEY WERE CONSISTENTLY FRIENDLY AND RESULT WAS WORKMANLIKE ATMOSPHERE CONDUCTIVE TO CLARIFYING THE ISSUES. AS OBVIOUS INDICATIONS OF IMPORTANCE GOY PLACES ON THE ISSUE OF KRSKO EXPORT LICENSE, BOTH VICE PRESIDENT KARDELJ AND FOREIGN SECRETARY MINIC RECEIVED MEMBERS OF DELEGATION AND, IN ADDITION TO RAISING KRSKO ISSUE, PROVIDED DETAILED EXPOSITIONS OF THE YUGOSLAV POSITION ON NONPROLIFERATION (SEPTTEL).

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BELGRA 01167 01 OF 02 280847Z

2. THE U.S. TEAM (VEST AND ARMITAGE) CHOSE TO LEAD OFF SUBSTANTIVE DISCUSSIONS BY FRAMING THE U.S. REQUEST FOR ADDITIONAL ASSURANCES ON KRSKO IN CONTEXT OF OUR GLOBAL POLICIES ON DISARMAMENT, NONPROLIFERATION, THE IAEA AND THE NPT. STRESSED WAS THE COMMONALITY OF USG AND GOY OBJECTIVES ON NUCLEAR DISARMAMENT AND NONPROLIFERATION-- KEY GOALS OF THE CARTER ADMINISTRATION. THEY SAID THAT

STARTING ABOUT TWO YEARS AGO, A NUMBER OF FACTORS CONVINCED THE U.S. THAT URGENT ACTION WAS REQUIRED TO STRENGTHEN EXISTING NONPROLIFERATION MEASURES. THESE FACTORS INCLUDED THE INDIAN NUCLEAR EXPLOSION AND THE ACCELERATING SPREAD OF NUCLEAR TECHNOLOGY, PARTICULARLY TO SOUTH KOREA, BRAZIL AND PAKISTAN. THUS, THE U.S. INITIATED THE LONDON SUPPLIERS CONFERENCE IN AN ATTEMPT TO ARRIVE AT COMMON AND ADEQUATE SAFEGUARDS ON NUCLEAR EXPORTS. IN ADDITION, THE U.S. WAS REASSESSING ITS DOMESTIC POLICIES REGARDING THE USE OF PLUTONIUM.

3. THE U.S. SIDE CONTINUED THAT THE AIDE MEMOIRE OF DECEMBER 3 BOTH REFLECTED THIS POLICY DEVELOPMENT AND ATTEMPTED TO MAKE UNIFORM THE SAFEGUARDS COMMITMENTS OF NATIONS RECEIVING NUCLEAR EXPORTS FROM THE U.S. INDEED, THE U.S. WILL SEEK TO RENEGOTIATE OVER 30 BILATERAL SUPPLY AGREEMENTS. IT WAS STRESSED THAT THIS WAS NOT AN ATTEMPT TO SEEK COMMERCIAL ADVANTAGE OR A TECHNOLOGICAL MONOPOLY; INDEED, THESE POLICIES WERE BEING PURSUED AT GREAT LOSS IN BOTH COMMERCIAL AND POLITICAL TERMS. THE U.S. WAS DEEPLY CONCERNED BY THE URGENCY OF THE YUGOSLAV PROBLEMS, WITNESS THE PRESENCE OF THE US TEAM IN BELGRADE. THE YUGOSLAVS WERE ASSURED THAT THERE IS NO ATTEMPT TO DISCRIMINATE AGAINST YUGOSLAVIA, BUT NEITHER CAN THE U.S. DISCRIMINATE IN FAVOR OF YUGOSLAVIA BY MAKING AN EXCEPTION, OTHERWISE WE OPEN THE WAY FOR LOOPHOLES WHICH COULD VITIATE AN EFFECTIVE NUCLEAR POLICY. (ESSENTIALLY THE SAME POINTS WERE MADE TO VICE PRESIDENT KARDELJ BY ARMITAGE AND TO FONMIN MINIC BY VEST AND ARMITAGE IN SEPARATE MEETINGS, SEE REFTEL).

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BELGRA 01167 01 OF 02 280847Z

4. AS POSED BY BERNARDIC, THE YUGOSLAV ARGUMENT IS AS FOLLOWS:

- 1) THE YUGOSLAVS ENTERED NO LESS THAN SIX AGREEMENTS FULFILLING ALL CONDITIONS SET BY THE U.S.
- 2) YUGOSLAVIA HAS NO INTENTION OF DEVELOPING NUCLEAR WEAPONS.
- 3) THE U.S. "NONFULFILLMENT" OF ITS OBLIGATIONS ON KRSKO IS ENDANGERING THE INTERNATIONAL STRUCTURE AGAINST PROLIFERATION, I.E., THE NPT AND THE IAEA.
- 4) THE U.S. WAS VIOLATING THE PRINCIPLE OF NATIONAL EQUALITY BY IMPOSING A UNILATERAL DICTAT.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BELGRA 01167 02 OF 02 280909Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W
-----280910 070232 /17

O R 280755Z FEB 77
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 9691
INFO AMCONSUL ZAGREB

C O N F I D E N T I A L SECTION 2 OF 2 BELGRADE 1167

EXDIS

FOR PM (VEST); EUR (ARMITAGE)

5) THE DELAY IN THE KRSKO LICENSE HAD ALREADY LED TO SOME LOSSES AND WOULD CAUSE SEVERE MATERIAL DAMAGE TO YUGOSLAVIA'S ECONOMY. (KRSKO PROJECT MANAGER DULAR ESTIMATED THAT AS OF MARCH 1ST 25 MILLION DOLLARS A MONTH WILL BE LOST BY DELAYS AND THAT A COLLAPSE OF THE PROJECT WOULD COST A HALF BILLION DOLLARS IN DIRECT LOSSES AND LOST ELECTRICAL CAPACITY.)

6) THE GOY ALWAYS MEETS ITS INTERNATIONAL COMMITMENTS AND WOULD CONTINUE TO DO SO EVEN IF THE NPT AND IAEA CEASED TO EXIST.

7) THE KRSKO PROBLEM RAISES CONCERN OVER THE POSSIBILITY THAT THE NONALIGNED NATIONS ARE BEING DENIED ACCESS TO PEACEFUL NUCLEAR TECHNOLOGY DEEMED NECESSARY TO ECONOMIC DEVELOPMENT.

5. BERNARDIC SET THE FOLLOWING CONDITIONS ON A SOLUTION:

- 1) THAT IT DOES NOT INFRINGE OF NATIONAL SOVEREIGNTY;
- 2) THAT THE GOY WOULD ONLY ACCEPT CONDITIONS IN THE CONTEXT OF EXISTING AGREEMENTS;
- 3) YUGOSLAVIA WOULD NOT GIVE UP ITS RIGHT TO DEVELOP NUCLEAR TECHNOLOGY FOR PEACEFUL USES.

IN SO DOING, HE SHOWED AN UNDERSTANDING AND CONSIDERATION FOR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BELGRA 01167 02 OF 02 280909Z

THE GLOBAL RESPONSIBILITIES OF THE U.S. AS A NUCLEAR EXPORTER AND RECOGNIZED THAT A SOLUTION TO THE KRSKO PROBLEM WOULD NOT BE POSSIBLE IMMEDIATELY. IT WAS IMPORTANT FOR HIM AND THE OTHER MEMBERS OF THE DELEGATION THAT THE U.S. HAD SHOWN ITS WILLINGNESS TO WORK TOWARD A MUTUALLY SATISFACTORY SOLUTION BY SENDING ITS TEAM OF NEGOTIATORS.

6. BERNARDIC MADE THE FOLLOWING STATEMENTS IN DESCRIBING A

POSSIBLE SOLUTION:

- 1) FIRST, THE MAIN POINT WAS THAT THE GOY WAS WILLING TO ISSUE SOME SORT OF UNILATERAL STATEMENT OF OBLIGATIONS WITHIN THE CONTEXT OF ALREADY EXISTING AGREEMENTS. THE EXACT WORDING AND CONTENT OF SUCH A STATEMENT WOULD HAVE TO BE WORKED OUT IN FURTHER NEGOTIATIONS.
- 2) HE ASKED THAT AN EXCEPTION BE MADE FOR YUGOSLAVIA, NOTING THAT THE ONLY OTHER COUNTRY RECEIVING U.S. NUCLEAR EQUIPMENT UNDER A TRILATERAL RATHER THAN BILATERAL AGREEMENT, MEXICO, HAD ALREADY RECEIVED AN EXPORT LICENSE FOR EQUIPMENT, EVEN THOUGH MEXICAN CONTRACT SIGNED AFTER KRSKO CONTRACE.
- COMMENT: AS TALKS PROGRESSED, YUGOSLAVS INCREASED THEIR EMPHASIS ON WHAT THEY CONSIDERED DISCRIMINATION.
- 3) HE URGED THAT THE DELIVERIES OF EQUIPMENT BE RESUMED AS SOON AS POSSIBLE LEAVING THE BILATERAL POLITICAL PROBLEMS TO BE RESOLVED WITHOUT PRESSURE IN THE PERIOD THE LICENSE FOR THE FUEL DELIVERIES WAS CONSIDERED.
- 4) IN THE MEANTIME THE YUGOSLAVS CONSIDER THE U.S. TO BE RESPONSIBLE FOR LOSSES INCURRED OWING TO THE DELAYS IN THE ISSUANCE OF THE LICENSE.

7. COMMENT: YUGOSLAVS APPROACH WAS FRIENDLY BUT FIRM IN SUBSTANCE THAT YUGOSLAVIA'S SOVEREIGNTY WAS PARAMOUNT ISSUE. THEY PRESSED IN GROUP AND INDIVIDUAL MEETINGS THAT U.S. SHOULD HONOR ITS LEGAL COMMITMENTS AND NOT TRY TO ENMESH THE U.S./YUGOSLAV SITUATION IN NEW U.S. POLICY CONTEXT WHICH WAS DESIGNED FOR GLOBAL NONPROLIFERATION NEED. IN FACE OF FIRM U.S. RESPONSE, YUGOSLAVS SUGGESTED AS LAST RESORT THAT

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BELGRA 01167 02 OF 02 280909Z

WE TRY IN UNILATERAL YUGOSLAV STATEMENT INTERPRETING EXISTING INTERNATIONAL COMMITMENTS TO FIND WAY TO ACCOMMODATE U.S. CONCERNS EXPRESSED IN AIDE MEMOIRE IN FORM WHICH MIGHT BE ACCEPTABLE FROM POINT OF VIEW OF YUGOSLAV SOVEREIGNTY. WE AGREED TO EXPLORE THIS APPROACH IN WASHINGTON, BOTH SIDES RECOGNIZING THE URGENCY POSED BY THE NEED TO GET DELIVERY UNDERWAY BEFORE APRIL TO AVOID COSTLY DELAY IN CONSTRUCTION SCHEDULE.

8. GIVEN POLITICAL LEVEL TO WHICH THIS SUBJECT HAS BEEN RAISED HERE, WE DO NOT THINK A BILATERAL AGREEMENT WILL BE ACCEPTABLE NOW AND DO THINK WE SHOULD LOOK TO THE UNILATERAL FORMULA AS A FACE-SAVING BOTTLE INTO WHICH WE MAY BE ABLE TO POUR OUR SUBSTANTIVE CONCERN. IF NOT, WE THINK THE YUGOSLAVS WILL STICK TO THEIR POSITION; THERE WILL BE A PUBLIC BLOW-UP BETWEEN US WHICH WILL POISON THIRD WORLD POSSIBILITIES FOR PRESSING OUR NUCLEAR NONPROLIFERATION OBJECTIVES AND WHICH WILL ALSO PROGRESSIVELY EMBITTER RELATIONS BETWEEN THE U.S. AND YUGOSLAVIA AT THE BEGINNING OF THIS ADMINISTRATION AND IN PERIOD WHEN YUGOSLAVS MAY FACE DISRUPTIVE INTERNAL PRESSURES. YORK

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR PROLIFERATION, POLICIES, EXPORT LICENSES, NUCLEAR REACTORS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Feb-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BELGRA01167
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770068-0383
Format: TEL
From: BELGRADE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977024/aaaaadrh.tel
Line Count: 224
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 42344bc6-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS, ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS, ONLY
Reference: 77 BELGRADE 1165
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3316965
Secure: OPEN
Status: NATIVE
Subject: U.S./GOY BILATERALS ON KRSKO NUCLEAR EXPORT LICENSE
TAGS: ENRG, MNUC, TECH, YO
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/42344bc6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009